

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

Barrett Terrace Apartments, located at 700 Barrett Avenue in Richmond, requested and is being recommended for a reservation of \$3,262,325 in annual federal tax credits to finance the acquisition and rehabilitation of 114 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by CHDC of North Richmond and is located in Senate District 9 and Assembly District 15.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-21-479

Project Name Barrett Terrace Apartments
Site Address: 700 Barrett Avenue
 Richmond, CA 94801 County: Contra Costa
Census Tract: 3760.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,262,325	\$0
Recommended:	\$3,262,325	\$0

Applicant Information

Applicant: Barrett Terrace Housing, L.P.
Contact: Donald Gilmore
Address: 1535-A Fred Jackson Way
 Richmond, CA 94801
Phone: (510) 412-9290
Email: dgilmore@communityhcd.org

General Partner(s) or Principal Owner(s): CHDC Barrett Terrace, LLC
General Partner Type: Nonprofit
Developer: CHDC of North Richmond
Investor/Consultant: Community Housing Development Corporation
Management Agent: North Richmond Economic Development Corporation

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 11
Total # of Units: 115
No. / % of Low Income Units: 114 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt / Section 8 Project-based Contract (114 Units - 100%)

Bond Information

Issuer: CMFA
 Expected Date of Issuance: October 1, 2021

Information

Housing Type: Non-Targeted
 Geographic Area: East Bay Region
 TCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
30% AMI:	13	11%
50% AMI:	74	65%
60% AMI:	7	6%
80% AMI:	20	18%

Unit Mix

30 1-Bedroom Units
60 2-Bedroom Units
19 3-Bedroom Units
6 4-Bedroom Units
115 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6 1 Bedroom	30%	30%	\$734
4 2 Bedrooms	30%	30%	\$881
3 3 Bedrooms	30%	30%	\$1,018
20 1 Bedroom	50%	50%	\$1,223
40 2 Bedrooms	50%	50%	\$1,468
10 3 Bedrooms	50%	50%	\$1,696
4 4 Bedrooms	50%	50%	\$1,892
2 1 Bedroom	60%	60%	\$1,468
3 2 Bedrooms	60%	60%	\$1,762
1 3 Bedrooms	60%	60%	\$2,035
1 4 Bedrooms	60%	58%	\$2,197
2 1 Bedroom	80%	60%	\$1,471
9 2 Bedrooms	80%	62%	\$1,832
1 3 Bedrooms	80%	63%	\$2,148
1 4 Bedrooms	80%	58%	\$2,197
3 2 Bedrooms	80%	62%	\$1,832
4 3 Bedrooms	80%	63%	\$2,148
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$29,775,680
Construction Costs	\$0
Rehabilitation Costs	\$27,450,330
Construction Hard Cost Contingency	\$4,117,550
Soft Cost Contingency	\$210,000
Relocation	\$2,000,000
Architectural/Engineering	\$730,000
Const. Interest, Perm. Financing	\$3,587,726
Legal Fees	\$95,000
Reserves	\$1,313,339
Other Costs	\$651,144
Developer Fee	\$8,398,559
Commercial Costs	\$0
Total	\$78,329,328

Residential

Construction Cost Per Square Foot:	\$253
Per Unit Cost:	\$681,125
True Cash Per Unit Cost*:	\$490,702

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank - Tax Exempt	\$40,960,628
Citibank Recycled Bond	\$8,026,276
Seller Carryback	\$16,300,000
Existing Reserves	\$725,840
Accrued/Deferred Interest	\$578,237
Costs Deferred to Conversion	\$3,367,989
Deferred Developer Fee	\$5,598,559
Tax Credit Equity	\$2,771,799

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank - Tax Exempt	\$17,806,000
Seller Carryback	\$11,843,207
Sponsor Loan	\$11,500,000
Income from Operations	\$1,083,497
Existing Reserves	\$725,840
Accrued/Deferred Interest	\$578,237
Deferred Developer Fee	\$5,598,559
Tax Credit Equity	\$29,193,988
TOTAL	\$78,329,328

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$41,462,684
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$27,656,634
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$53,901,489
Qualified Basis (Acquisition):	\$27,656,634
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$2,156,060
Maximum Annual Federal Credit, Acquisition:	\$1,106,265
Total Maximum Annual Federal Credit:	\$3,262,325
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,398,559
Investor/Consultant:	Community Housing Development Corporation
Federal Tax Credit Factor:	\$0.89488

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$69,119,318
Actual Eligible Basis:	\$69,119,318
Unadjusted Threshold Basis Limit:	\$59,814,968
Total Adjusted Threshold Basis Limit:	\$111,255,840

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 64%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 22%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 4.00% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions: None

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.